



August 2, 2010

Dear Portola Hills Resident:

Thank you for submitting comments regarding the 2008-2014 Draft Housing Element. Most of the letters received covered similar topics, so staff has developed the following to comprehensively address the concerns raised. The letters commonly addressed the Draft Housing Element and specifically how it relates to future development of the Portola Center project. We hope that the following information helps to illustrate the interrelationship between the two.

Mayor  
Peter Herzog

Mayor Pro Tem  
Richard Dixon

Council Members  
Kathryn McCullough  
Marcia Rudolph  
Mark Tettemer  
City Manager  
Robert C. Dunek

### **What is the Housing Element and why is the City updating it now?**

State law requires all cities and counties in California to adopt a comprehensive General Plan which guides land use planning decisions within the community. The General Plan consists of seven mandatory elements, including a Housing Element. The Housing Element is a policy and planning document that, among other things, identifies the City's housing goals. The housing element is the only General Plan element that is required to be updated at regular intervals. In addition, State law mandates that cities submit their Housing Element to the Department of Housing and Community Development (HCD) for review and certification.

For the purposes of the Housing Element Update, the State is organized into regions. All jurisdictions within a given region update the Housing element on the same general schedule. The City of Lake Forest is within the Southern California Association of Governments (SCAG) Region. This region consists of 189 cities within Orange, Los Angeles, Ventura, Riverside, San Bernardino, and Imperial counties. Each of these jurisdictions was required to update the Housing Element by June 30, 2008. The update of the Housing Element is a complicated process and not all jurisdictions were able to complete the update on schedule.

The current Housing Element cycle commenced in July 2007 when SCAG adopted the Regional Housing Needs Assessment (RHNA) allocation by jurisdiction for the period 2006-2014. The RHNA projects housing needs statewide for the upcoming Housing Element cycle and distributes the needed housing among local jurisdictions. More information regarding the RHNA for Lake Forest is provided below and in the Draft Housing Element.

Pursuant to state law, the City of Lake Forest has prepared a Draft Housing Element to cover the planning period 2008-2014. After conducting workshops with the public, Planning Commission and City Council, and working diligently with the staff at HCD, the draft housing element was released for public review in conjunction with the 30-day



public review period for the Initial Study and Negative Declaration required by the California Environmental Quality Act (CEQA). The 30 day public review period ran from May 26-June 28, 2010. Public hearings before the Planning Commission and City Council are scheduled for August and September, 2010.

Notably, this Housing Element Update does not change any existing General Plan land use or zoning designations, nor does it involve the approval of any specific project.

### **What is the City of Lake Forest's policy on the provision of affordable housing?**

The diversity of housing opportunities in Lake Forest distinguishes the City from many other south Orange County communities and has attracted residents to the City. While maintaining a commitment to creating quality neighborhoods, the provision of a balanced inventory of housing in terms of unit type, cost, and style allows the City to fulfill a variety of housing needs. The Housing Element contains numerous policies to ensure a variety of housing opportunities (ownership and rental) throughout the community and ensure that the design of new residential development is compatible with that of existing residences.

The City encourages new residential developments to incorporate 15% of the units as affordable. This policy was included in the prior adopted Housing Element and is being carried forward in the Draft 2008-2014 Housing Element. The policy provides flexibility and allows for creativity to enable the City, developer, and community to work collaboratively to design and locate the affordable units consistent with established community planning principles. For example, as part of the Opportunities Study, the City Council approved an Affordable Housing Implementation Plan (AHIP) for each landowner. The AHIPs provide a general outline for the provision of a limited number of affordable and workforce housing units in the Opportunity Study developments. When the developers advance to the site planning process, the AHIPs require the developers to ensure that all units, including those designed for income eligible families, demonstrate quality design and adhere to all the City's development standards. In addition, the AHIPs include a point system to incentivize the owners of the larger properties to provide a variety of affordable housing opportunities within their projects, including for sale condominiums and senior housing. Based on the size of the unit and targeted income level, the AHIP for Portola Center would result in the provision of approximately 79 affordable units. The Housing Element Update does not alter the previously approved AHIP for Portola Center or any other portion of the City.

The income of the residents eligible to reside in the units will be determined based upon the Orange County area median income (AMI). The 2010 AMI for a four person household in Orange County is \$87,200. The following breaks down the income limits for a four person household in each of the targeted income categories.

- Extremely low-income (earning 30% of AMI) = \$27,850 annually
- Very Low-income (earning 50% of AMI) = \$46,450 annually

- Low-income (earning 80% of AMI) = \$74,300 annually
- Moderate-income (earning 120% of AMI) = \$104,650 annually

The following table of median salaries for common occupations is provided to illustrate that affordable housing is often occupied by working professionals.

Occupation	Orange County Median Salary
Cashier	\$21,877
Butcher	\$27,500
Baker	\$27,621
Medical Assistant	\$32,069
Dental Assistant	\$34,838
Automobile Mechanic	\$43,148
Chef	\$43,318
Administrative Assistant	\$48,573
Nurse	\$51,234
Kindergarten Teacher	\$56,707
Firefighter <sup>1</sup>	\$57,977*
Police Officer <sup>2</sup>	\$61,068*
Paramedic <sup>1</sup>	\$67,977
Engineer	\$98,563
Lawyer	\$159,366
Source: California Employment Development Department	
1 Source: Orange County Fire Authority	
2 Source: Orange County Sheriff's Department	
*Starting Annual Salary (does not include overtime pay)	

Prior to the incorporation of the City of Lake Forest, the County of Orange also maintained a policy to include affordable housing within new residential projects. Both Foothill Ranch and Portola Hills included affordable units, which provides an example of the successful incorporation of affordable and workforce housing into a well-planned and highly desired residential community.

### **What is the State's mandate on affordable housing?**

A RHNA number is identified for each jurisdiction as described beginning on page II-29 of the Draft Housing Element. The State requires each city and county to identify land with appropriate zoning to accommodate a certain number of housing units in the income categories distributed in the RHNA.

### **What is the RHNA for Lake Forest?**

City of Lake Forest  
Regional Housing Growth Needs  
2008-2014

Very Low*	Low	Moderate	Above Mod	Total
6 20.7%	5 17.2%	6 20.7%	12 41.4%	29 100.0%

Source: SCAG 2007 (Table III-3, Draft 2008-2014 Housing Element)

\*Includes extremely-low households, estimated to be one-half the very-low need (3 units)

This table illustrates that the City's share of the regional housing need is 29 new housing units distributed among four income categories. The RHNA was adopted in 2007, prior to approval of the Opportunities Study, when the City had very limited areas available for new residential development.

### **Must the City build 29 affordable units?**

The City's role is to identify land with the appropriate zoning to accommodate the development of new housing in the income levels identified by the RHNA and to encourage and facilitate through its goals, policies, and programs the development of those units. Refer to Table III-2 and Appendix B of the Draft Housing Element.

### **What land has been identified in the Draft Lake Forest Housing Element that has appropriate zoning to accommodate the RHNA?**

The inventory of available sites is discussed beginning on page III-2 of the Draft Housing Element. A number of opportunities are identified in Table III-2, including the following.

- Saddleback Ranch Apartment located at the corner of Los Alisos Boulevard and Madero. This 34 acre property is designated as Medium Density Residential on the City's General Plan and has potential for construction of new units.
- Portola Hills Planned Community, as amended by the City Council in 2008 as part of the Opportunities Study. While the majority of the land area in the recently approved General Plan Amendment and zone change for Portola Center is identified as single-family residential, twenty-four acres are designated for Medium Density residential and seven acres as Mixed Use, which allows commercial and residential uses.
- Single family residential areas throughout the City that can accommodate second units under existing State law.

With the recent approval of a General Plan Amendment and Zone Change for the Shea-Baker Ranch property, Table III-2 has been revised to include additional opportunities for residential development, including affordable and workforce housing. This property can accommodate 1,900 – 2,800 new homes at a variety of densities. The 387 acre property includes 51 acres designated for mixed use, and 56 acres designated for Medium Density Residential.

The inventory summarized above and outlined in greater detail on Table III-2 of the Draft Housing Element demonstrates there are a number of opportunities within the community for the development of new units that would satisfy the City's RHNA requirements, and that the City's RHNA obligations will not be achieved exclusively as part of the Portola Center development.

**Are there other areas that have the appropriate zoning to accommodate affordable housing?**

Yes. Table III-2 in the Housing Element includes all of the vacant properties currently zoned for residential development and developed properties which may accommodate additional residential development. The vacant properties identified in Table III-2 include properties that were zoned for residential use in 2008 and 2010 as part of the Opportunities Study. Each of these properties has a development agreement which addresses affordable housing.

**What is the relationship between general plan land uses and affordable housing?**

The City's General Plan Land Use Element contains the following five categories of residential development.

- Very Low Density Residential (0 to 2 units per net acre)
- Low Density Residential (2 to 7 units per net acre)
- Low-Medium Density Residential (7 to 15 units per net acre)
- Medium Density Residential (15 to 25 units per net acre)
- High Density Residential (25 to 43 units per net acre)
- Mixed Use (up to 43 units per net acre)

In general, due to market forces, housing units developed in the Very Low Density, Low Density, and Low-Medium Density Residential designations tend to accommodate those with moderate incomes and above. Housing prices in the Medium and High Density Residential and Mixed Use designations typically accommodate those with lower incomes.

The Portola Center property includes 113 acres of Low Density Residential (78%), 24 acres of Medium Density Residential (17%), and seven acres of Mixed Use (5%). The developer has previously stated that the affordable and workforce housing will most

likely be located in the medium density and mixed use areas of Portola Center, south of Glenn Ranch Road.

### **Why is affordable housing proposed for Portola Center?**

Several comment letters expressed concerns regarding the placement of affordable housing within the Portola Center project and noted that a concentration of affordable housing was not planned elsewhere in the City. Please refer to the answer above regarding the City's land inventory as identified to meet the RHNA. Additionally, it should be noted that the City has ensured the provision of affordable housing to meet Housing Element Policy 1.10, as referenced above, through each of the Opportunities Study development agreements. This is discussed further in Appendix B of the Housing Element. Notably, this Housing Element Update carries forward this existing policy.

The design details for the required affordable units will be determined through the site specific planning of the Portola Center project. Through this subsequent planning process the integration within the community, location, design, amenities, etc. will be the subject of review.

### **How does the Housing Element Update relate to the approvals needed for development of the Portola Center Project?**

A General Plan Amendment and Zone Change for the Portola Center Property was approved in 2008 as part of the larger Opportunities Study Area project. A program level Environmental Impact Report (EIR) was prepared which evaluated the change in land use designations from commercial and business park to residential and mixed uses. This approval was the first step toward future residential development of the Portola Center property. Each of the Opportunity Study Area land owners is at a different stage in advancing more specific plans for residential development. With regard to Portola Center, the land owner is still in the preliminary stages of developing the Area Plan and First Tentative Tract Maps, which will serve as the basis for the preparation of a project-specific environmental review. Public meetings to review the Portola Center plans will begin later this year and will include meetings with the community to discuss the proposed plans.

### **Comments Not Specific to Portola Hills**

The following information is provided in response to comments that addressed specific sections of the Draft Housing Element.

#### **Census and Economic Data**

A question was raised regarding the suitability of the analysis provided in Chapter II of the Draft Housing Element. The 2000 Census is used to provide a background for the discussion of Lake Forest as it relates to the remainder of the County. The SCAG

methodology which was used to develop the RHNA adjusted the percentage of households in each income category to 110% of the Orange County average. Consequently, the distribution of income levels in all cities in Orange County was assumed to be the same (110% of the County average). In response to this question, a new appendix (Appendix E) has been added to the Draft Housing Element to include the 2000 Census Data for Portola Hills and Foothill Ranch. The inclusion of this data does not affect the City's RHNA of 29 units or change the recommended policies and programs.

#### Environmental Review

A comment was submitted requesting that the Housing Element specify when a Negative Declaration can be used to tier off of a Program EIR. Chapter IV, paragraph B.2.b. includes a general discussion of CEQA review as a potential constraint to the development of new housing. The Housing Element is not an appropriate document to address this request. The State and Local CEQA Guidelines clearly define when an EIR must be prepared and also provide guidance on the use of tiering from a Program EIR.

#### Density Bonus

A comment was made that the density bonus discussion in Paragraph A.1.g. of Chapter IV should include a discussion of the potential density bonus in future Opportunities Study (OSA) developments. This is not necessary because the OSA developers have agreed through the terms of their development agreements to waive their rights to request a density bonus.

#### Second Units

A question was raised regarding whether the City's policy allowing second dwelling units in any residential district with an existing single-family residence on-site (page IV-8) preempts homeowner association restrictions prohibiting second units. The answer is no, homeowner associations may prohibit second residential units through their Conditions, Covenants, and Restrictions (CC&Rs).

#### **Conclusion**

The Housing Element is a policy document that identifies the City's regional share of housing growth, provides an inventory of land suitable for residential development, and sets forth goals and policies related to housing within the City. This document is part of the City's General Plan which provides a long-term vision for the City. The General Plan designates the Portola Center property for future residential, park, and mixed-use development. Plans for development of the Portola Center property must undergo a complete review process by City Staff, the Planning Commission, and the City Council.

Opportunities for comments specific to the Portola Center development will be afforded to the public throughout the process.

The first public hearing on the 2008-2014 Housing Element will be held by the Planning Commission on August 12, 2010 at 7:00 p.m. The City Council is scheduled to consider adoption of the 2008-2014 Housing Element on September 7, 2010. Following adoption by the City Council, the document will be forwarded to the State of California Department of Housing and Community Development for Certification.

If you have any questions about this information, please contact me at (949) 461-3479 or via email at [ckuta@lakeforestca.gov](mailto:ckuta@lakeforestca.gov).

Sincerely,  
CITY OF LAKE FOREST

A handwritten signature in cursive script that reads "Cheryl Kuta".

Cheryl Kuta, AICP  
Planning Manager